

VIKING EXPLORATION, INC.

IBLA 90-368

Decided April 5, 1991

Appeal from a decision of the Wyoming State Office, Bureau of Land Management, affirming an order by the Platte River Resource Area Manager to produce or plug and abandon an oil well on lease WYW36587.

Affirmed.

1. Administrative Procedure: Generally--Oil and Gas Leases: Production

Pursuant to provision of 43 CFR 3162.3-4, the Department must allow an oil and gas operator a reasonable time to produce or plug and abandon a well in which oil or gas is not encountered in paying quantities. It was not unreasonable to require an operator to plug and abandon a well after the operator was allowed from August 1988 until February 1990 to produce the well.

APPEARANCES: Charles A. Einarson, Denver, Colorado, President, Viking Exploration, Inc., for appellant.

OPINION BY ADMINISTRATIVE JUDGE ARNESS

Viking Exploration, Inc. (Viking), has appealed from an April 20, 1990, decision of the Wyoming State Office, Bureau of Land Management (BLM), affirming an order by the Platte River Resource Area Manager to produce or abandon well 2-14 on lease WYW36587. The BLM decision explains the case history of this appeal:

Viking was given thirty days [by the Area Manager] to submit test data showing the well's current potential production or submit plans to plug and abandon the well. On September 26, 1988, Viking submitted a letter to the Platte River Resource Area stating the date of the last production test and its results. This letter also outlined the problems that had occurred with the well in the last several years and that Viking was looking for a partner to help work over the well. Lastly, Viking requested additional time in which to find a partner. On February 24, 1989, the Platte River Resource Area Manager responded to the Viking letter of September 26, 1988, by granting an additional sixty days from receipt of the letter. By letter of March 14, 1989, Viking acknowledges receipt of the February 24, 1989, letter of the Area Manager and states that Viking hopes to find a partner and complete workover of the well by April 28, 1989, sixty days after

receipt of the Area Manager's letter. According to the Platte River Resource Area personnel at least one additional extension was verbally granted Viking after April 28, 1989. Then, on February 14, 1990, the Platte River Resource Area Manager sent Viking another order to produce or plug and abandon the well.

(Decision at 1).

In the statement of reasons filed in support of appeal, Viking argues that well 2-14 has oil reserves estimated variously at from 132,698 to 145,728 barrels that will be lost if the well is plugged. Viking outlines a proposal for working over the well said to have proven successful in the past but states that personal health problems of the corporation president and an inability to find a partner to share in the costs of the proposed plan for producing the well have prevented Viking from producing the potentially profitable well. These same arguments were advanced to BLM, and received this comment in the decision issued April 20, 1990:

Viking contends that the well in question is capable of production in paying quantities if the well is worked over. The reason why a workover has not been performed is due to lack of funds and/or a partner. Viking states it has been diligently looking for a partner for the well.

In reviewing the record in this case, Viking has had since February 1981, in which to perform the required workover or find a partner to assist in the venture. Since the initial letter of August 1988, the Platte River Resource Area Manager has given Viking a more than adequate time frame to perform the workover.

Id. at 2.

[1] Pursuant to 43 CFR 3162.3-4, the Department may require an operator to plug and abandon a well that is not capable of producing oil or gas in paying quantities. In cases where lease termination will result from the order to plug and abandon, a reasonable time, not less than 60 days, must be allowed to permit the operator to produce. See 30 U.S.C. § 226(F) (1988). It does not appear, however, that lease termination will occur in this case. Generally speaking, delays in permanent abandonment of a well longer than 12 months may not be allowed. 43 CFR 3162.3-4(c).

Viking complains that financial and health problems encountered while attempts to produce well 2-14 were underway have so impeded this enterprise that, although considerable time has passed, more should be allowed to permit Viking to produce well 2-14. Nonetheless, we cannot say, after considering the difficulties described by Viking, that the time limit established by BLM is unreasonable. More than two years have passed since Viking was first notified that it must produce or plug the well. Prior to that time, according to Viking, efforts to produce the well were diligently pursued at least since 1983. We conclude that, given the circumstances of this case, BLM allowed Viking a reasonable time to either produce or plug

well 2-14, and that Viking has failed to show error in the decision requiring that it do so. See generally Eddleman Community Property Trust, 106 IBLA 376 (1989); Roger K. Ogden, 77 IBLA 4, 90 I.D. 481 (1983).

Accordingly, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Franklin D. Arness
Administrative Judge

I concur:

R. W. Mullen
Administrative Judge
